

First-Half 2022 Results

JULY 29, 2022

H1 2022: AN EXCELLENT FIRST-HALF PERFORMANCE

FULL-YEAR GUIDANCE RECENTLY RAISED



SALES

€524m

Organic growth

+11,1%



OPERATING INCOME BEFORE NON-RECURRING ITEMS

€55m

Margin: 10.5%

Change vs. H1 2021

+90 bps



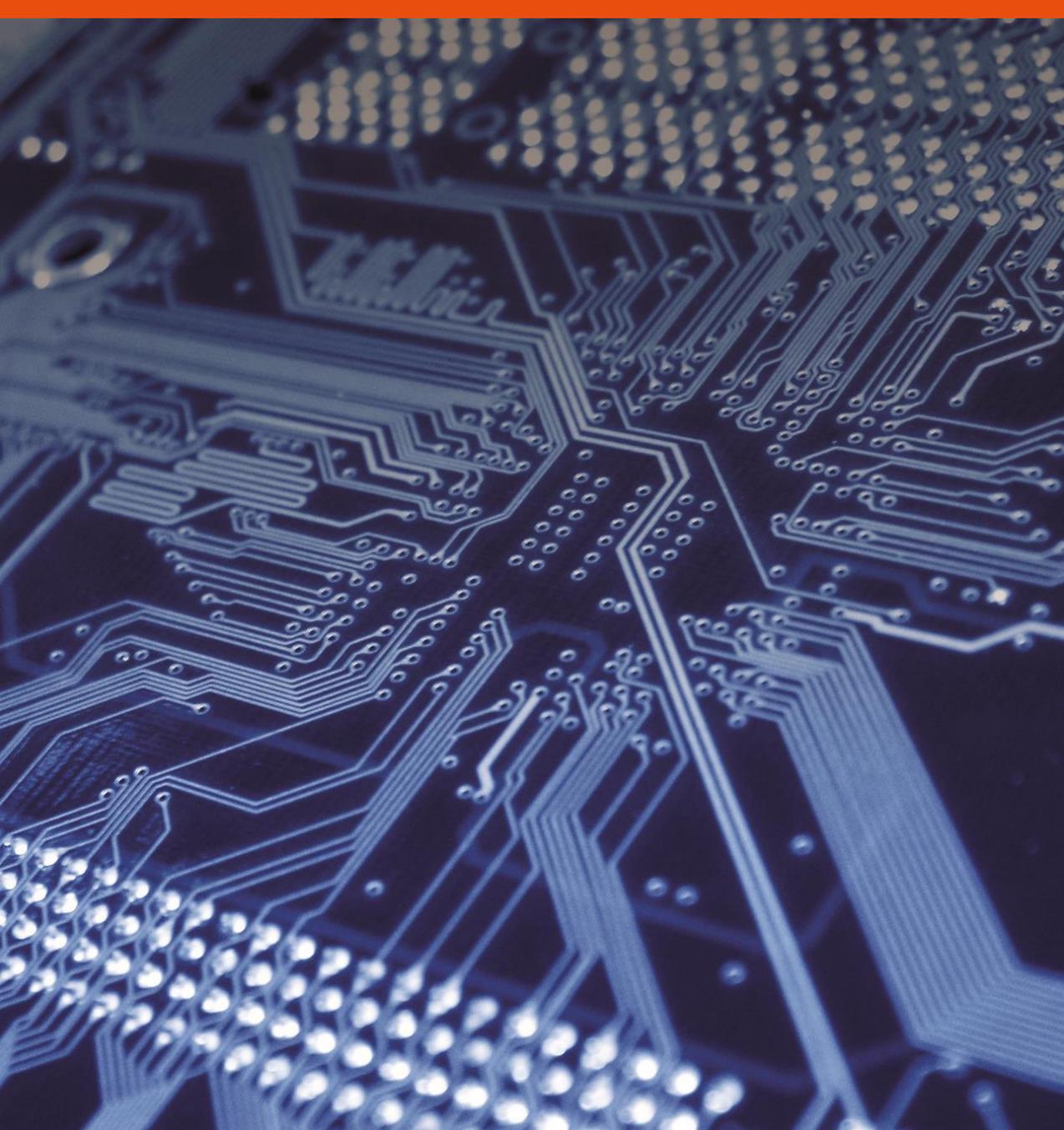
EBITDA

€87m

Margin: 16.6%

Change vs. H1 2021

+90 bps



Dynamic Markets in First-Half 2022

Luc Themelin, CEO

RECORD SALES IN H1 2022: SHARP GROWTH IN ALL GEOGRAPHIES

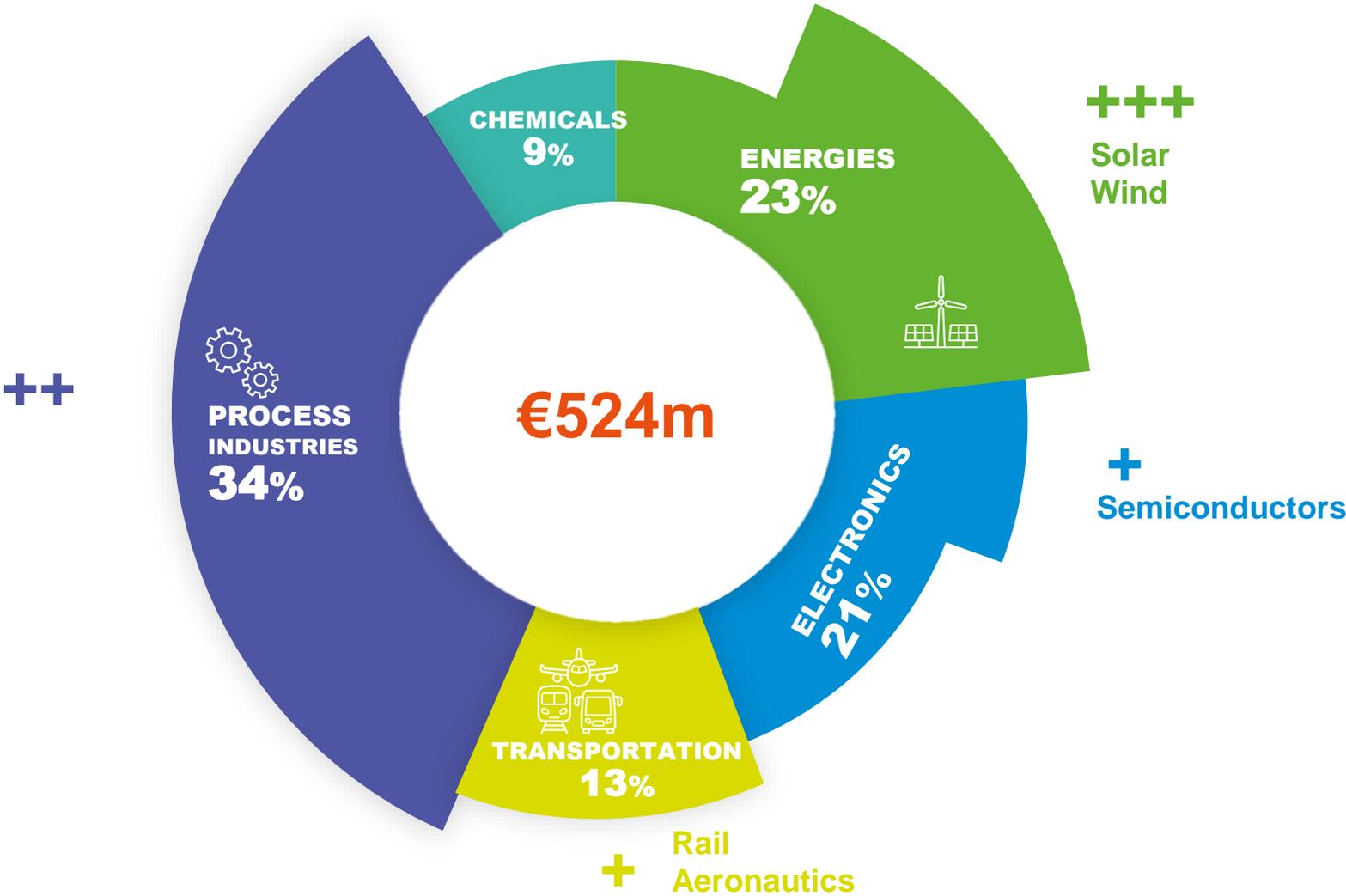


€524m

- 1 **Europe**
+11% vs. H1 2021
- 2 **North America**
+16% vs. H1 2021
- 3 **Asia-Pacific**
+7% vs. H1 2021
- 4 **South America – Africa**
+4% vs. H1 2021

Organic growth (%)

STRONG MOMENTUM IN RENEWABLE ENERGIES AND PROCESS INDUSTRIES



GROWTH MARKET POTENTIAL CONFIRMED

Sales growth H1 2022 **Outlook H2 2022 - 2023**

SOLAR POWER



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Limited graphite volume allocation for the solar industry in the second half

SI SEMICONDUCTOR MANUFACTURING



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New semiconductor plants announced: significant medium-term potential for Mersen

SIC SEMICONDUCTOR MANUFACTURING



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More favorable project phasing in H2; Very high order intake, for after 2022

ELECTRIC VEHICLES



+

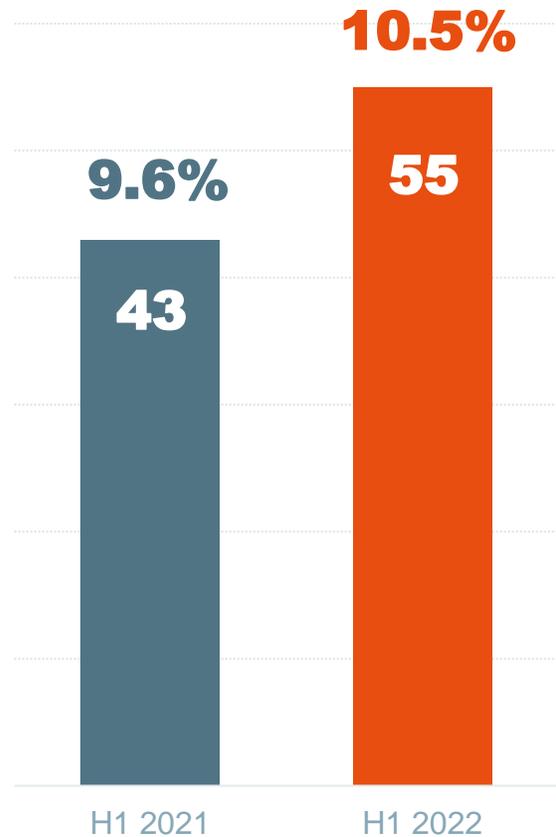
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Five important awards in the first half

EBITDA GROWTH OF 22%, 27% GROWTH IN OPERATING INCOME BEFORE NON-RECURRING ITEMS

<i>In €m</i>	H1 2021	H1 2022	
EBITDA	71.0	86.9	+22%
<i>EBITDA margin</i>	15.7%	16.6%	
Depreciation and amortization	(27.7)	(31.9)	
Operating income before non-recurring items	43.3	55.0	+27%
<i>Operating margin before non-recurring items</i>	9.6%	10.5%	

SHARP IMPROVEMENT IN OPERATING MARGIN BEFORE NON-RECURRING ITEMS THANKS TO VOLUMES AND PRICING



Operating income before non-recurring items (€m)
Operating margin before non-recurring items (% of sales)

H1 2021 operating margin before non-recurring items

9.6%

In percentage points

Volume/mix effect

+2.9

Price effect

+2.9

Raw material/energy inflation

-2.3

Productivity gains

+1.1

Inflation (mainly wages)

-1.8

-0.1

Columbia start-up, EV team

-1.2

Depreciation and amortization

-0.5

Other (including currency effect)

-0.2

H1 2022 operating margin before non-recurring items

10.5%

ADVANCED MATERIALS: SIGNIFICANT MARGIN IMPROVEMENT, MAINLY LINKED TO VOLUMES

<i>In €m</i>	H1 2021	H1 2022
Sales	284.4	292.3
EBITDA	52.3	66.1
<i>EBITDA margin</i>	21.1%	22.6%
Depreciation and amortization	(18.6)	(22.1)
Operating income before non-recurring items	33.7	44.1
<i>Operating margin before non-recurring items</i>	13.6%	15.1%

- Very significant positive volume effect
- Selling price increases offsetting the higher cost of energy and raw materials
- Increase in depreciation and amortization (including Columbia), Columbia start-up production costs

ELECTRICAL POWER: A RAW MATERIAL/PRICE EFFECT THAT SHOULD BE MORE FAVORABLE IN THE SECOND HALF OF THE YEAR

<i>In €m</i>	H1 2021	H1 2022
Sales	202.5	232.0
EBITDA	27.1	30.4
<i>EBITDA margin</i>	13.4%	13.1%
Depreciation and amortization	(8.3)	(9.2)
Operating income before non-recurring items	18.9	21.2
<i>Operating margin before non-recurring items</i>	9.3%	9.1%

- Significant volume effect
- Raw material and wage inflation partially offset by selling price increases and productivity plan
- Expenses related to the electric vehicle project (more important in the 2nd half)

NET INCOME UP 41%

<i>In €m</i>	H1 2021	H1 2022
Operating income before non-recurring items	43.3	55.0
Non-recurring income and expenses	(1.6)	(0.7)
Net financial expense	(5.6)	(5.3)
Income tax	(9.0)	(10.8)
Net income	27.1	38.2
Net income, Group share	25.5	35.1

- Competitive financial conditions of the most recent USPP
- Effective tax rate : 22%

+41%

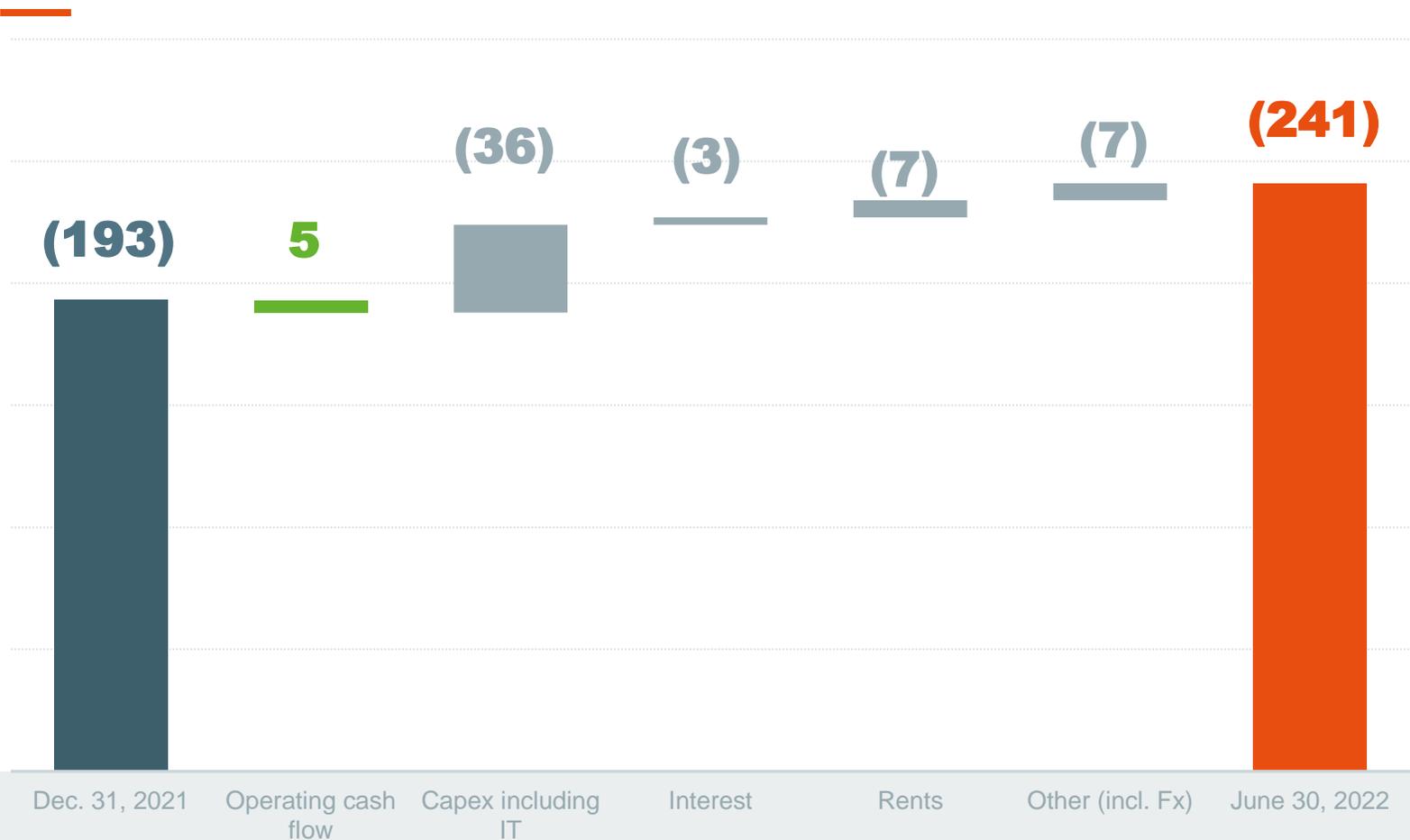
OPERATING CASH FLOW IMPACTED BY HIGH WORKING CAPITAL REQUIREMENT

<i>In €m</i>	H1 2021	H1 2022
Operating cash flow before change in WCR	64.0	82.0
Change in WCR	(7.3)	(70.6)
<i>o/w change in inventories</i>	(8.6)	(55.2)
Income tax paid	(10.5)	(6.1)
Operating cash flow	46.2	5.3

- Very favorable cash seasonality in 2021. Payment in 2022 of very high 2021 bonuses
- Increase in inventories due to demand and industrial projects, e.g., Columbia, site relocation in South Korea, and increase in safety stocks

SOLID FINANCIAL STRUCTURE

NET DEBT (€m)



Net debt/
EBITDA
1.53

Net debt/
equity
34%

Using the bank covenant method

Not including

Lease liabilities:
€54m (vs. €53m at Dec. 31, 2021)

Provisions for pension obligations:
€35m (vs. €49m at Dec. 31, 2021)

AVERAGE FINANCING MATURITY IN EXCESS OF 5 YEARS

FINANCING

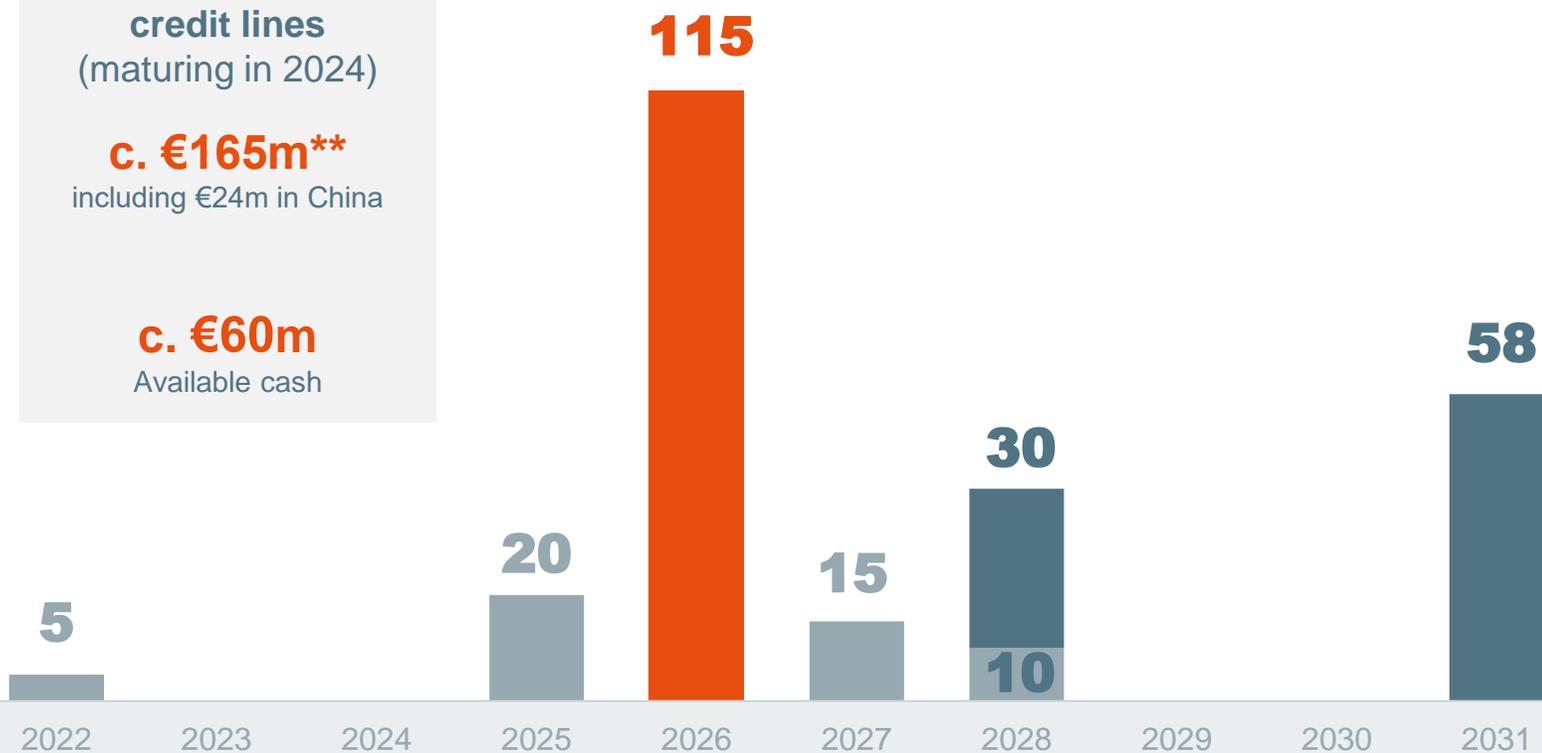
— At June 30, 2022 (€m)

Undrawn confirmed credit lines
(maturing in 2024)

c. €165m**
including €24m in China

c. €60m
Available cash

Maturity*
c. 5.5 years



* Calculated based on the use of confirmed credit lines.
NEU MTN: Negotiable European Medium-Term Note

** including NEU CP hedging

● USPP ● Schuldschein ● NEU MTN



Outlook

Luc Themelin, CEO

2022 TARGETS RAISED (JULY 20 ANNOUNCEMENT)



SALES

Organic growth of between

3% and 6%



OPERATING MARGIN BEFORE NON- RECURRING ITEMS

Around

10%



CAPITAL EXPENDITURE

Around

€80m-€85m



EBITDA MARGIN

Growth of

20-30 bps

INITIAL

NEW

Organic growth of between

8% and 10%

Around

10.5%

Around

€85m-€90m

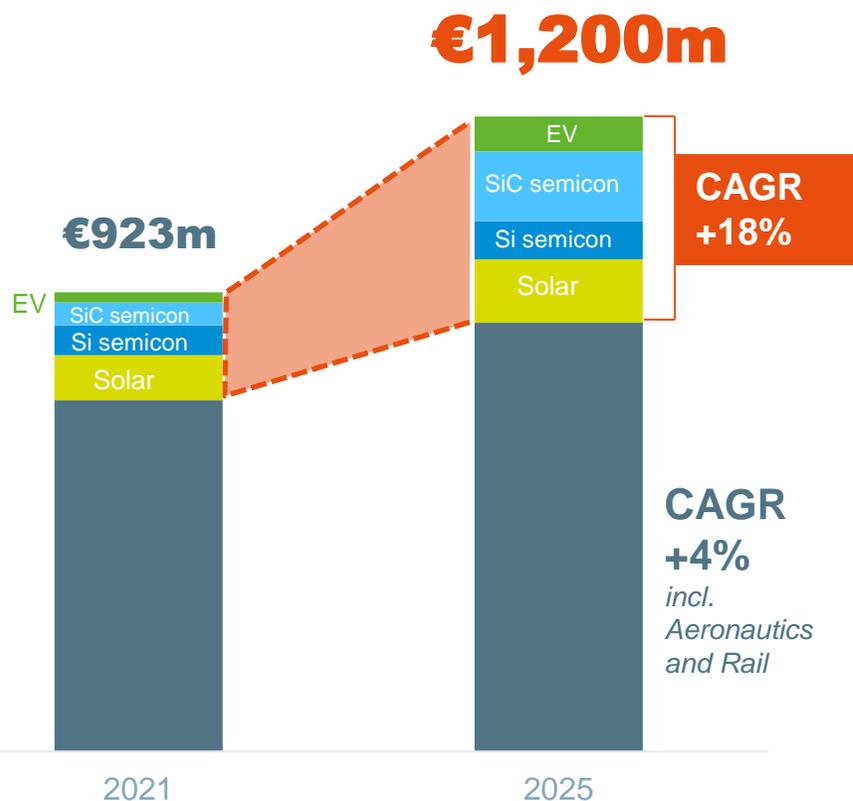
Growth of around

50 bps

AMBITIOUS MEDIUM-TERM PLAN CONFIRMED



SALES



OPERATING MARGIN BEFORE
NON-RECURRING ITEMS

≥ 11%

EBITDA MARGIN

≥ 17.5%



ROCE

≥ 12%

Pre-tax, excl. right-of-use assets



NEW CSR ROADMAP FOR 2022-2025



Responsible
partner



Limiting our
environmental impact



Developing
human capital



Ethics and
compliance culture